



Mary Taylor, CPA
Auditor of State

**LAW LIBRARY ASSOCIATION
DARKE COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Law Library Association
Darke County
124 West Fifth Street
Greenville, Ohio 45331

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Law Library Association, Darke County, (the Library), as of and for the years ended December 31, 2007 and 2006 which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Law Library Association, Darke County, Ohio, as of December 31, 2007 and 2006, and the respective changes in cash financial position thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2007 and 2006, the Library revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2008, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

April 9, 2008

**LAW LIBRARY ASSOCIATION
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(UNAUDITED)**

This discussion and analysis of the Law Library Association's financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2007, within the limitations of the Library's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

Highlights

Key highlights for 2007 are as follows:

- Net assets of governmental activities increased \$6,515, an increase of approximately 12.4% from the prior year. This increase was primarily due to increased interest earned. The fund most affected by the increase in cash and cash equivalents was the Retained Monies Fund, which realized the greatest increase in 2007 of \$ 6,515.
- The Library's general receipts are mostly from court fines from the Common Pleas Court through the Darke County Auditor and the Greenville City Auditor. Additionally, per the Ohio Rev. Code a maximum per year of \$1,250 is collected from the Darke County Clerk of Courts and the Darke County Juvenile Court. In total, the receipts from the courts represent 95.7% of the total cash received for governmental activities during the year. This year represents the third year for a change from a County Court to a Municipal Court operation and funding structure.
- Statutory receipts were slightly increased when compared to 2006. Disbursements were essentially flat. Costs for print publications were up slightly while costs for online services show a slight decrease. The salary and fringe costs paid for the employees (librarian and assistant) show an increase. This year's salary is the same for the assistant and represents a 1.70% salary increase for the librarian in 2007.
- Interest income of was also considerably higher than in 2006 due to higher interest rates, and increased receipts available to invest.
- The Retained Monies Fund has been growing since 1995 and had an increase in 2007 of \$6,515.

Key highlights for 2006 are as follows:

- Net assets of governmental activities increased \$4,900, a significant change of 10.3% from the prior year when there had been a 3.25% increase of \$1,477. This increase was primarily due to increased interest earned. The fund most affected by the increase in cash and cash equivalents was the Retained Monies Fund, which realized the greatest increase in 2006 of \$4,900.
- The Library's general receipts are mostly from court fines from the Common Pleas Court through the Darke County Auditor and the Greenville City Auditor. Additionally, per the Ohio Rev. Code a maximum per year of \$1,250 is collected from the Darke County Clerk of Courts and the Darke County Juvenile Court. In total, the receipts from the courts represent 94% of the total cash received for governmental activities during the year. This year represents the second year for a change from a County Court to a Municipal Court operation and funding structure.

**LAW LIBRARY ASSOCIATION
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(UNAUDITED)
(Continued)**

- Statutory receipts were approximately \$3,000 less when compared to 2005. Disbursements increased by approximately 1.5%. Costs for print publications were down while costs for online services showed a slight increase. The salary and fringe costs paid for the employees (librarian and assistant) show a significant decrease as two years salaries were reported in 2005. This year's salary is the same for the assistant and represents a 2.5% salary increase for the librarian in 2006.
- Interest income of was also considerably higher than in 2005 due to higher interest rates, and increased receipts available to invest.
- The Retained Monies Fund has been growing since 1995 and had an increase of \$4,900 in 2006.

Using The Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Government's modified cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Library as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Library as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, of which there are two, the General Fund and Retained Monies Fund.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Library has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Library's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**LAW LIBRARY ASSOCIATION
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(UNAUDITED)
(Continued)**

Reporting The Law Library As A Whole

The statement of net assets and the statement of activities reflect how the Library did financially during 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the Library at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's services. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating.

The statement of net assets and the statement of activities include only Governmental activities: Most of the Library's basic services are reported here, including use of online services and use of publications. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting The Library's Most Significant Funds

Fund financial statements provide detailed information about the Library's major funds. The Library establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Law Library include only governmental funds.

Governmental Funds - The Library's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Library's major governmental funds are the General Fund and the Retained Monies Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**LAW LIBRARY ASSOCIATION
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(UNAUDITED)
(Continued)**

The Library As A Whole

Table 1 provides a summary of the Library's net assets for 2007 and 2006 in comparison with 2005 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities		
	2007	2006	2005
Assets			
Cash and Cash Equivalents	\$58,985	\$52,470	\$47,570
Total Assets	<u>58,985</u>	<u>52,470</u>	<u>47,570</u>
Net Assets			
Restricted for:			
Other Purposes/Retained Funds	58,985	52,470	47,570
Total Net Assets	<u>\$58,985</u>	<u>\$52,470</u>	<u>\$47,570</u>

As mentioned previously, net assets of governmental activities increased \$6,515 or approximately 12.4% during 2007. The primary reasons contributing to the increases in cash balances are as follows:

- The Library's general receipts are mostly from court fines. These receipts represent 95.7% of the total cash received for governmental activities during the year. Overall, funds received from Court fines were increased.
- Interest income was considerably higher than in 2006 due to higher interest rates, and increased receipts available to invest. Interest earned in 2007 was \$4,632 representing a 39% increase over the \$3,335 received in 2006.
- Salary increases reflect a minimal increase in 2007. The largest increase is shown due to funds remaining in the account in 2006 that were deducted from the total amount needed. The increase to the librarian's salary was 1.70%. The assistant librarian rate remained the same.

As mentioned previously, net assets of governmental activities increased \$4,900 or approximately 10.3% during 2006. The primary reasons contributing to the increases in cash balances are as follows:

- The Library's general receipts are mostly from court fines. These receipts represent 94% of the total cash received for governmental activities during the year. Overall, funds received from Court fines were flat.
- Interest income was considerably higher than in 2005 due to higher interest rates, and increased receipts available to invest. Interest earned in 2006 was \$3,335 or a 212% increase over the \$1,067 earned in 2005.
- Salaries and wages for 2006 reflect a 49.7% decrease from 2005 which was the due to two years salaries being recorded in 2005. In 2006 the librarian's salary increased 2.5% and the assistant librarian's rate remained the same.

**LAW LIBRARY ASSOCIATION
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(UNAUDITED)
(Continued)**

Table 2 reflects the changes in net assets in 2007 and 2006 as compared to 2005.

Table 2			
Changes in Net Assets			
Governmental Activities			
	2007	2006	2005
Program Receipts:			
Charges for Services	\$119,386	\$114,429	\$117,188
General Receipts:			
Interest	4,632	3,335	1,067
Other Revenue	726	3,975	1,580
Total General Receipts	5,358	7,310	2,647
Total Receipts	124,744	121,739	119,835
Disbursements:			
Legal Publications	35,852	33,944	41,014
Salaries and Wages	9,206	8,331	16,569
Refunds to Relative Income Sources	16,943	14,083	3,693
On-Line Services	54,428	56,539	53,704
Insurance	1,321	987	1,187
Supplies	270	1,031	1,813
Other Disbursements	209	1,924	378
Total Disbursements	118,229	116,839	118,358
Change in Net Assets	\$6,515	\$4,900	\$1,477

Program receipts were 95.7% of total receipts for 2007 and 94% of total receipts for 2006 and represent certain charges for use of on-line services (prior to 2007) and a percentage of fines and forfeiture revenue from the Courts in Darke County required by the Ohio Revised Code to be given to the Library. General receipts represent 4.3% of the Library's total receipts for 2007, and 6% of total receipts for 2006.

The Library's disbursements for 2007 and 2006 represent the overhead costs of running the library. These include the costs of publications, online services, salaries and insurance.

Governmental Activities

If you look at the Statement of Activities on pages 12 and 16, you will see that the first column lists the major services provided by the Law Library. The next column identifies the costs of reimbursing these services. The major program disbursements for governmental activities are for publications and online research which account for approximately 30% and 46% of all Library disbursements for 2007 and 29% and 48% of all Library disbursements for 2006. The trend in expenditures for publications has decreased from 2004 to 2007 going from 61% to 30% and online research expenditures have increased going from 35% to 46%. A comparison between the total cost of services and the net cost for 2007 and 2006 is presented in Table 3.

**LAW LIBRARY ASSOCIATION
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(UNAUDITED)
(Continued)**

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2007	2006	2007	2006
Legal Publications	\$ 35,852	\$ 33,944	\$ 351	(\$704)
Salaries and Wages	9,206	8,331	90	(173)
Refunds to Relative Sources	16,943	14,083	166	(292)
On-line Services	54,428	56,539	533	(1,159)
Insurance	1,321	987	13	(21)
Supplies	270	1,031	2	(21)
Other Expenditures	209	1,924	2	(40)
Totals	\$118,229	\$116,839	\$1,157	(\$2,410)

The amount received in program cash receipts for 2007 exceeded the associated costs by 1% or \$1,157 for the year.

The Library's Funds

Total governmental funds had receipts of \$124,744 and disbursements of \$118,2290 in 2007. The greatest change within governmental funds occurred within the Retained Monies Fund. There was a slight increase in salaries and wages and legal publications from 2006. However, the most significant changes in 2007 are reflected in increased receipts from the Darke County Auditor (\$3,833) and Greenville City Auditor (\$1,124), and for interest received (\$1,297).

Total governmental funds had receipts of \$121,739 and disbursements of \$116,839 in 2006. There was a decrease in the cost of publications in 2006 of \$7,070. There was also an increase in on-line services expenses of \$2,835 over 2005. Other significant changes are reflected in increased receipts from Greenville City Auditor (\$6,472) and decreased receipts from the Darke County Auditor of (\$9,157).

The salary and wages expense for 2006 was half of the 2005 amount due to a change in the required pre-payment date at the request of the Darke County Auditor which caused double reporting in 2005.

General Fund receipts in 2007 were greater than disbursements by \$18,826 indicating that the General Fund is in a positive financial situation. This is due to increased revenue and decreased expenses for legal publications.

General Fund receipts in 2006 were greater than disbursements by \$15,648 indicating that the General Fund is in a positive financial situation. This is due to increased revenue and decreased expenses for legal publications.

Current Issues

The challenge is to provide quality publications and online services to the attorneys in the County and the public while staying within the restrictions imposed by limited or relatively flat, funding. We rely heavily on Court fines. This is the third year with the change in funding from a County Court to a Municipal Court. Further, we are aware that as a result of HB 66 and subsequent HB363 that there will be changes in Law Library funding for facilities which will begin to impact us in calendar year 2008. Finally, interest rates are going down which will impact receipts and the balances of the Retained Monies Fund.

**LAW LIBRARY ASSOCIATION
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(UNAUDITED)
(Continued)**

Contacting The Library's Financial Management

This financial report is designed to provide our citizens and taxpayers with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Eileen Litchfield, Librarian or Jim Detling, Treasurer, Greenville Law Library Association (dba, Darke Co. Law Library, 124 West Fifth St., Greenville, Ohio 45441).

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**LAW LIBRARY ASSOCIATION
DARKE COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2007**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$58,985
Total Assets	<u>58,985</u>
Net Assets	
Restricted for:	
Other Purposes/Retained Funds	58,985
Total Net Assets	<u>\$58,985</u>

See accompanying notes to the basic financial statements.

**LAW LIBRARY ASSOCIATION
DARKE COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Cash Disbursements</u>	<u>Program Cash Receipts</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Governmental Activities</u>
Governmental Activities			
Current:			
Legal Publications	\$35,852	\$36,203	\$351
Salaries and Wages	9,206	9,296	90
Refunds to Relative Income Sources	16,943	17,109	166
On line Services	54,428	54,961	533
Insurance	1,321	1,334	13
Supplies	270	272	2
Other Expenditures	209	211	2
	<hr/>	<hr/>	<hr/>
Total Governmental Activities	<u>\$118,229</u>	<u>\$119,386</u>	1,157
General Receipts			
Interest			4,632
Other Revenue			726
Total General Receipts			<hr/> 5,358 <hr/>
Change in Net Assets			6,515
Net Assets Beginning of Year			<hr/> 52,470 <hr/>
Net Assets End of Year			<hr/> <u>\$58,985</u> <hr/>

See accompanying notes to the basic financial statements.

**LAW LIBRARY ASSOCIATION
DARKE COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

	General	Retained Monies Fund	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents		\$58,985	\$58,985
Total Assets		58,985	58,985
Fund Balances			
Unreserved:			
Undesignated Reported in:			
General Fund			
Retained Fund		58,985	58,985
Total Fund Balances	\$0	\$58,985	\$58,985

See accompanying notes to the basic financial statements.

**LAW LIBRARY ASSOCIATION
DARKE COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES -
CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	General	Retained Monies Fund	Total Governmental Funds
Receipts			
Darke County Auditor	\$80,653		\$80,653
Greenville City Auditor	36,233		36,233
Darke County Clerk of Courts	1,250		1,250
Darke County Juvenile Court	1,250		1,250
Interest		\$4,632	4,632
Other Revenue	726		726
Total Receipts	<u>120,112</u>	<u>4,632</u>	<u>124,744</u>
Disbursements			
Current:			
Legal Publications	35,852		35,852
Salaries and Wages	9,206		9,206
On line Services	54,428		54,428
Refunds to Relative Income Sources - See Note 3	16,943		16,943
Insurance	1,321		1,321
Supplies	270		270
Other Expenditures	209		209
Total Disbursements	<u>118,229</u>		<u>118,229</u>
Excess of Receipts Over (Under) Disbursements	<u>1,883</u>	<u>4,632</u>	<u>6,515</u>
Other Financing Sources (Uses)			
Remittance to Retained Funds	(1,883)	1,883	
Total Other Financing Sources (Uses)	<u>(1,883)</u>	<u>1,883</u>	<u>6,515</u>
Net Change in Fund Balances		6,515	6,515
Fund Balances Beginning of Year		<u>52,470</u>	<u>52,470</u>
Fund Balances End of Year	<u>\$0</u>	<u>\$58,985</u>	<u>\$58,985</u>

See accompanying notes to the basic financial statements .

**LAW LIBRARY ASSOCIATION
DARKE COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2006**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$52,470</u>
Total Assets	<u><u>52,470</u></u>
Net Assets	
Restricted for:	
Other Purposes/Retained Funds	<u>52,470</u>
Total Net Assets	<u><u>\$52,470</u></u>

See accompanying notes to the basic financial statements.

**LAW LIBRARY ASSOCIATION
DARKE COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	General	Retained Monies Fund	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents		\$52,470	\$52,470
Total Assets		52,470	52,470
Fund Balances			
Unreserved:			
Undesignated Reported in:			
General Fund			
Retained Fund		52,470	52,470
Total Fund Balances	\$0	\$52,470	\$52,470

See accompanying notes to the basic financial statements.

**LAW LIBRARY ASSOCIATION
DARKE COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES -
CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General</u>	<u>Retained Monies Fund</u>	<u>Total Governmental Funds</u>
Receipts			
Darke County Auditor	\$76,806		\$76,806
Greenville City Auditor	35,109		35,109
Darke County Clerk of Courts	1,250		1,250
Darke County Juvenile Court	1,250		1,250
Fees for On-line services	14		14
Interest		\$3,335	3,335
Other Revenue	3,975		3,975
Total Receipts	<u>118,404</u>		<u>121,739</u>
Disbursements			
Current:			
Legal Publications	33,944		33,944
Salaries and Wages	8,331		8,331
On line Services	56,539		56,539
Refund to Relative Income Sources - See Note 3	14,083		14,083
Insurance	987		987
Supplies	1,031		1,031
Other Expenditures	1,924		1,924
Total Disbursements	<u>116,839</u>		<u>116,839</u>
Excess of Receipts Over (Under) Disbursements	<u>1,565</u>		<u>4,900</u>
Other Financing Sources (Uses)			
Remittance to Retained Funds	<u>(1,565)</u>	1,565	
Total Other Financing Sources (Uses)	<u>(1,565)</u>	<u>1,565</u>	<u>0</u>
Net Change in Fund Balances		1,565	4,900
Fund Balances Beginning of Year		<u>47,570</u>	<u>47,570</u>
Fund Balances End of Year	<u>\$0</u>	<u>\$49,135</u>	<u>\$52,470</u>

See accompanying notes to the basic financial statements.

**DARKE COUNTY LAW LIBRARY ASSOCIATION
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2007**

1. REPORTING ENTITY

The Darke County Law Library (the Library) is directed by a board of seven trustees who are elected for a three year term by members of the Darke County Bar Association. The Library provides free access for all county officers and the judges of the several courts within the county.

The Library operates by receiving a portion of fine and forfeiture monies from the courts (and any associated interest) under Ohio Revised Code (ORC) Sections 3375.50 to .53, inclusive. The Library is permitted to expend funds under ORC Section 3375.54. The funds of the Library are expended on the purchase, lease or rental of law books; computer communication consoles to access a system of computerized legal research; microfilm materials and equipment, videotape materials and equipment; audio or visual materials and equipment; and other services, materials, and equipment that provide legal information or facilitate legal research.

The Darke County Commissioners are required by ORC Section 3375.49 to provide adequate facilities for the Library. The Board of County Commissioners is required to provide suitable bookcases, heating and lighting for the rooms.

The Board of Trustees may hire a librarian and not more than two assistant law librarians. The Judges of the Court of Common Pleas of Darke County fix the compensation of the librarian and up to two assistant librarians pursuant to ORC Section 3375.48. Beginning in 2007 the Library is to assume twenty percent of the salary costs each year until all costs are assumed in 2011.

The Library's management believes these financial statements present all public funds for which the Library is financially accountable.

Some funds received by the Library are considered private monies. Private monies include: membership dues, overdue book charges and photocopying charges. Fees collected for the use of books and copiers remain private even though the books and copiers may have been purchased with public funds. Private monies can be disbursed at the discretion of the Library. The accompanying financial statements do not present private monies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements and the fund financial statements Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Library's accounting policies.

A. Basis of Presentation

The Library's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**DARKE COUNTY LAW LIBRARY ASSOCIATION
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Library as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through intergovernmental receipts or other non-exchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the Library at year end. The statement of activities compares disbursements with program receipts for each of the Library's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Library is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Library's general receipts.

2. Fund Financial Statements

During the year, the Library segregates transactions related to certain Library functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Library at this more detailed level. The focus of governmental financial statements is on major funds. Each of the Library's two public funds are considered to be major funds and are presented in a separate column.

B. Fund Accounting

The Library uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The Library only has one category of funds, which is governmental.

1. Governmental Funds

The Library classifies funds financed primarily from fines and forfeitures received through the Darke County court system as governmental funds. The Library's major governmental funds are the General Fund and the Retained Monies Fund.

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Retained Monies Fund

Retained Monies Fund consists of monies retained by the Library under Ohio Revised Code § 3375.56. At the end of each calendar year the Library is permitted under law to retain up to ten percent of their unencumbered balance. See footnote 3.

**DARKE COUNTY LAW LIBRARY
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

The Library's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Library are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Cash and Investments

To improve cash management, cash received by the Library is pooled and invested. Individual fund integrity is maintained through Library records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2007 and 2006, the Library invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit fund are recorded at the amount reported by Edward Jones and the Second National Bank on December 31.

Interest earnings are allocated to Library funds according to State statutes. Interest receipts credited to the Retained Monies Fund in 2007 and 2006, were \$4,632 and \$3,335, respectively.

E. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

F. Inventory and Prepaid Items

The Library reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**DARKE COUNTY LAW LIBRARY
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Interfund Receivables/Payables

The Library reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

I. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Library's modified cash basis of accounting.

J. Refund to Relative Income Sources

If certain conditions are met, the Library is required to refund at least ninety percent of any *unencumbered* balance to political subdivisions that provided revenues to the Library. See Footnote 3 for additional information.

K. Employer Contributions to Cost-Sharing Pension Plans

The Library recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. There were no net assets restricted by enabling legislation at December 31, 2007 or December 31, 2006.

M. Fund Balance Reserves

The Library reserves any portion of fund balances which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for use in future periods.

3. CALCULATION OF REFUND TO RELATIVE INCOME SOURCES AND AMOUNT RETAINED

In any year that revenues exceed disbursements, the Library refunds at least ninety percent of the balance to the political subdivisions who provided the funds and retains the remaining amount. This refund process is referred to as the application of ORC 3375.56 or refund to relative income sources. The following charts present the refunded and retained amounts during 2007 and 2006.

**Unencumbered Balance at December 31, 2007
Refunded and Retained During Calendar Year 2007**

Unencumbered Balance at December 31, 2007	\$18,826
Refunded to Relative Income Sources during 2007	16,943
Retained Funds Amount during 2007	1,883

**Unencumbered Balance at December 31, 2006
Refunded and Retained During Calendar Year 2006**

Unencumbered Balance at December 31, 2006	\$15,648
Refunded to Relative Income Sources during 2006	14,083
Retained Funds Amount during 2006	1,565

**DARKE COUNTY LAW LIBRARY ASSOCIATION
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

4. EQUITY IN POOLED CASH AND INVESTMENTS

Monies held by the Library are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Library treasury. Active monies must be maintained either as cash in the Library treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Library can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

**DARKE COUNTY LAW LIBRARY ASSOCIATION
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

4. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

As of December 31, 2007 and 2006, the Library had no un-deposited cash on hand.

A. Deposits

The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Library or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

B. Investments

The Library's investment policy is limited to complying with state statute. All investments are nonnegotiable certificate of deposits.

As of December 31, 2007, the Library had the following investments:

	<u>Value</u>	<u>Maturity</u>
Certificate of Deposit	\$ 8,500	1/23/08
Certificate of Deposit	7,000	10/20/08
Certificate of Deposit	15,000	1/31/08
Certificate of Deposit	15,000	9/8/08
Money Market	9,395	N/A
Total Portfolio	<u>\$54,895</u>	

As of December 31, 2006, the Library had the following investments:

	<u>Value</u>	<u>Maturity</u>
Certificate of Deposit	\$ 5,000	8/15/07
Certificate of Deposit	15,000	1/18/07
Certificate of Deposit	15,000	7/19/07
Money Market	17,240	N/A
Total Portfolio	<u>\$52,240</u>	

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Library's investment policy addresses interest rate risk by requiring that the Library's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

**DARKE COUNTY LAW LIBRARY ASSOCIATION
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

4. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

The Library has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

5. RISK MANAGEMENT

Commercial Insurance

The Darke County Law Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Electronic data processing; and
- Valuable papers.

6. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

The Library participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

For the year ended December 31, 2007, members of all three plans were required to contribute 9.5 percent of their annual covered salary to fund pension obligations. For the year ended December 31, 2006, members of all three plans were required to contribute 9 percent of their annual covered salary to fund pension obligations. The Library's contribution rate for 2007 was 13.85 percent of covered payroll and for 2006 the rate was 13.70 percent. The employer contribution rate is currently limited to 14 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

**DARKE COUNTY LAW LIBRARY ASSOCIATION
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

6. DEFINED BENEFIT PENSION PLAN (Continued)

The Library's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 was \$990, \$990, and \$1,109, respectively; and 100 percent has been contributed for 2007, 2006, and 2005.

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by OPERS is considered an Other Post-employment Benefit (OPB) as described in GASB Statements No. 12 and 45.

7. POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

The OPERS post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 employer contribution rate was 13.85 percent of covered payroll; 5 percent from January 1 through June 30, 2007, and 6 percent from July 1 through December 31, 2007, was the portion used to fund health care. The 2006 employer contribution rate was 13.70 percent of covered payroll; 4.5 percent was the portion used to fund health care. The OPERS retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits provided by the retiree or the beneficiary. Payment amounts vary depending on the number of covered dependents and coverage selected.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees), and an additional increase in total payroll of between .5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase .5 to 5 percent annually for the next eight years and 4 percent annually after eight years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 374,979. Actual employer contributions for 2007 which were used to fund post-employment benefits was \$325. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for the payment of benefits at December 31, 2006 (the latest information available), was \$12 billion. The actuarial accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

**DARKE COUNTY LAW LIBRARY ASSOCIATION
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

7. POST-EMPLOYMENT BENEFITS (Continued)

In September 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

8. FUNDS WITH FISCAL AGENT

Darke County handles payroll transactions for the Law Library including the payment of retirement and remittance of amounts withheld. The Library deposited with Darke County \$8,331.06 in December 2006 for 2007 payroll, and \$9,205.63 in December 2007 for the 2008 payroll. There was minimal carry-over from each year as calculated by the County Auditor, which was deducted from the total payment.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Law Library Association
Darke County
124 West Fifth Street
Greenville, Ohio 45331

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Law Library Association, Darke County, (the Library), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Library's basic financial statements and have issued our report thereon dated April 9, 2008, wherein, we noted the Library uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Library's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management and the Board of Trustees. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

April 9, 2008



Mary Taylor, CPA
Auditor of State

LAW LIBRARY ASSOCIATION

DARKE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 10, 2008**